



## The Estonian Presidency Programme for the Economic and Financial Affairs Council (Ecofin)

The Estonian Ecofin programme is based on the priorities of the Estonian Presidency and contributes, first of all, to achieving **an open and innovative European economy**. A joint declaration of the European Parliament, the Council of the European Union and the European Commission on the legislative priorities of the EU for 2017 has also been taken into account in preparing the Ecofin programme for the second half of 2017.

The objectives of the Estonian Presidency are: to encourage economic growth by restoring investment levels and removing barriers; to ensure a competitive and fraud-proof tax environment; and to secure an EU budget that contributes to the priorities of the European Union. In the second half of the year, the most important activities of the Ecofin Council can be divided into five groups:

1. Banking Union and Capital Markets Union
2. Taxation
3. the EU budget and related issues
4. the economic management of Europe
5. the future and financing of the European Union and the Economic and Monetary Union (EMU).

### 1. BANKING UNION AND CAPITAL MARKETS UNION

The proposals made by the leaders of the European institutions in the Five Presidents' Report in 2015 considered the financial union as one of the building blocks for the further development of the euro area. Substantial steps have already been taken in this direction with the establishment of common banking supervision and common crisis resolution systems.

Banking risk reduction packages and common deposit insurance are significant issues in developing the Banking Union. The purpose of banking risk reduction is to ensure the effectiveness of the prudential requirements of the financial sector (banks first and foremost), to strengthen the financial stability and reliability of the sector, and to reduce the procyclicality of the financial system. While proceeding with the risk reduction package, we also lay the ground for establishing the deposit insurance system. We aim to reach a political agreement with the European Parliament in more urgent issues of the risk reduction package, like the hierarchy of creditors and the transition to the International Financial Reporting Standard No 9. As regards the remaining parts of the package, our aim is to achieve a general approach in the Council. During our Presidency, we will continue working on the draft of the European deposit insurance system. The Ecofin Council will also be given an overview of the discussions on creating a permanent defence mechanism for common crisis resolution.

The Presidency considers it important to progress with the Capital Markets Union. Easier access to financing should be created for companies by offering alternative means of financing, thereby reducing dependence on traditional financing provided by banks. Estonia will continue with the discussion on the Capital Markets Union legislative proposals. We will carry out the analysis on the mid-term review of the Capital Markets Union Action Plan presented by the Commission, and prepare the conclusions of the





Council.

During the Presidency, attention will also be paid to the proposals resulting from the review of the regulation on over-the-counter derivatives, central counterparties and trade repositories. We will advance the negotiations on the regulation on restoring the financial position of central counterparties and crisis resolution, and if possible, try to attain the mandate of the Council for starting negotiations with the European Parliament. We will also promote the negotiations on the proposal regarding the pan-European personal pension product as far as possible.

We will proceed with the proposals resulting from the review of micro- and macro-prudential supervision.

## **2. RENEWAL OF TAXATION**

The Estonian Presidency will focus on modernising the VAT system. To this end, it is necessary to contribute to reducing administrative burden and strengthening the system's resilience to fraud in order to reduce the disturbing VAT gap in Europe. Among other things, the Presidency considers it important that the modern technological opportunities are more utilised in tax administration as well as in cooperation between the Member States. On the one hand, the life of taxpayers should be made simpler, and on the other hand, the collection of taxes should be ensured, and tax avoidance and fraud tackled. In this way, we will guarantee equal conditions for competition and the tax revenue necessary for the development of society. Estonia will work to achieve political agreement on draft legislation on e-publications and the general reverse charge mechanism. Also, an agreement on the main elements of the VAT e-commerce proposal will be sought. The Presidency will also start discussions on the proposals regarding the definitive VAT system and review of reduced rates.

Fighting against tax evasion, tax avoidance and tax fraud has been in the focus in recent years. Ensuring the taxation of profits in the countries where the value is created has become a priority. Fair and growth-friendly taxation are also important principles for the Presidency. We will continue discussing the proposal for a Council Directive on a Common Corporate Tax Base (CCTB). Here, it is important to assess the impact of the CCTB on the tax revenues of states; and in order to ensure the competitiveness and attractiveness of tax systems, it is also necessary to consider international developments. In addition, we would also like to initiate a discussion on the challenges to achieving the fair taxation of the digital economy.

In order to ensure a level playing field, we will proceed with the proposal on mandatory disclosure rules for intermediaries, and we are committed to adopting the common EU list of non-cooperative third countries.

For the more effective functioning of the customs union, the Presidency wishes to shape the positions/guidelines of the Council on the joint development of electronic customs systems.

## **3. THE 2018 EUROPEAN UNION BUDGET AND INVESTMENTS**

The 2018 European Union budget is one of the most visible results of the Presidency. We wish to





achieve a good, timely agreement that takes into account the needs of the EU and ensures policy implementation. Presidency will do everything to ensure that the joint position of the Council on the draft budget submitted by the European Commission will be achieved in July. We will make thorough preparations to bring the talks with the European Parliament to a close, effectively, in November.

The Estonian Presidency also wishes to rapidly reach an agreement with the European Parliament on the amendments to the financial regulation submitted during the interim review of the multiannual financial framework (MFF)/omnibus regulation, and the regulation extending the European Fund for Strategic Investments.

#### **4. THE ECONOMIC GOVERNANCE OF THE EUROPEAN UNION**

During the second half of the year, the foundation for the new European Semester cycle will be laid. In cooperation with the next Presidency, Bulgaria, we will establish the economic policy calendar for the European Semester. The Annual Growth Survey submitted by the Commission will be dealt with, and we will start discussions for drafting the conclusions on the priorities of the Council. During the Estonian Presidency, the application of existing country-specific recommendations will be discussed, and best practices will be shared. Decisions on the implementation of the Stability and Growth Pact, as well as conclusions on the further development of the European Statistical System will be adopted.

In international issues, the positions of the EU regarding G20 issues will be coordinated, and the draft legislation on granting macro-financial assistance to the partners of the EU will be proceeded with. Constructive cooperation with the partners in the European Free Trade Association (EFTA) will be promoted.

#### **5. THE FUTURE OF THE EUROPEAN UNION**

In the White Paper on the future of the European Union, published in March, the European Commission presented five scenarios for the future of the EU, and has issued additional reflection papers on the Economic and Monetary Union and the financing of the EU. Estonia will start discussions on these issues in order to provide input to the possible exchange of views in the European Council in December.

